Government of Saskatchewan

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Cattle Market Update

For the Week Ending December 19, 2014

This is the final edition of the Cattle Market Update for 2014.
The report will resume on January 23, 2015. Happy Holidays everyone!

All prices are quoted in Canadian dollars per hundredweight ($/cwt) unless otherwise stated.

Saskatchewan Feeder Steer and Feeder Heifer Prices ($/cwt)

Feeder Steers		300-400	400-500	500-600	600-700	700-800	800-900	900+ lb.
Dec. 19/2014	Average	$348.00	$319.63	$289.88	$262.50	$246.25	$230.25	n/a
Dec. 19/2014	Range	320-370	296-350	273-309	252-278	240-251	210-240	n/a
Week/Week	Change	-$3.00	-$2.70	-$5.62	-$7.63	-$4.94	-$6.19	n/a
Dec. 12/2014	Average	$351.00	$322.33	$295.50	$270.13	$251.19	$236.44	$218.50
Feeder Heifers		**300-400**	**400-500**	**500-600**	**600-700**	**700-800**	**800+ lb.**	
Dec. 19/2014	Average	$302.63	$285.83	$257.75	$241.13	$225.00	$214.67	
Dec. 19/2014	Range	280-330	264-306	244-275	235-251	210-238	202-224	
Week/Week	Change	-$9.62	-$6.07	-$11.38	-$6.23	-$7.31	$0.86	
Dec. 12/2014	Average	$312.25	$291.90	$269.13	$247.36	$232.31	$213.81	

Source: CanFax

Note: Prices are determined from Saskatchewan auction marts' reports of sale results from Thursday of the previous week to Thursday of the current week. N.A. means not available due to lack of sufficicent data.

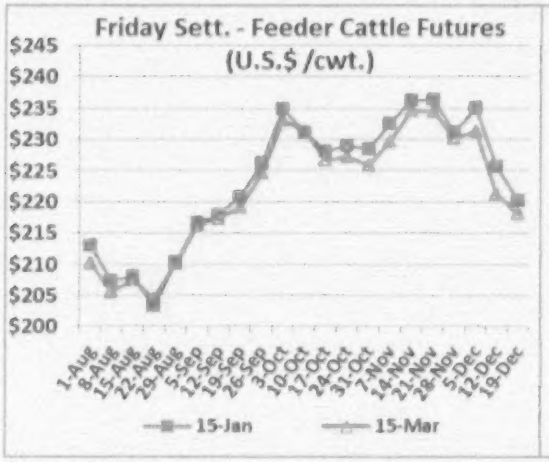
Canfax reported that a total of 10,695 head of cattle were sold in Saskatchewan this week, down from 26,160 head marketed the previous week. Saskatchewan feeder cattle prices were lower over the week in almost all weight categories on continued weakness in the futures market.

Saskatchewan feeder steer prices were lower in all weight categories over the week with prices declining from $2.70 per cwt to $7.63 per cwt. The largest price loss over the week was in the 600-700 lb. feeder steer weight category which declined $7.63 per cwt.

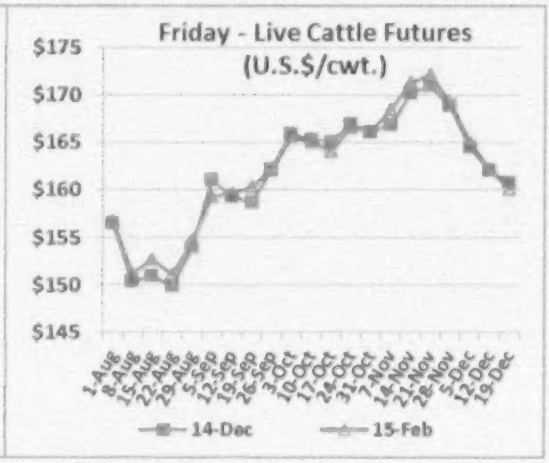
Feeder heifer prices were also overall lower over the week. Feeder heifer prices ranged between $11.38 per cwt lower to $0.86 per cwt higher. The 800+ lb. feeder heifer weight category had the only gain over week which was $0.86 per cwt. The 500-600 lb. feeder heifer weight category had the largest loss over the week declining $11.38 per cwt.

The Saskatchewan 750 lb. feeder steer basis compared to the Dec. 18, 2014, U.S. feeder cattle index at US$230.63 per cwt was calculated at -$21.46 per cwt (US$230.63/0.8615 -$246.25), a basis narrowing of $1.48 per cwt from -$22.94 per cwt on December 11, 2014.

Feeder cattle futures prices continued limit lower the first three days of the week and then rebounded sharply Thursday and Friday, but still ended the week lower, week-over-week. The January futures contract declined US$5.450 per cwt to settle Friday at US$220.150 per cwt, while the March 2015 contract declined US$3.275 per cwt to settle Friday at US$217.975 per cwt. Thursday was a volatile trading day with the January contract fluctuating over $8 per cwt. Daily price limits for feeder cattle futures and live cattle futures were increased to $0.045 per lb. from $0.030 per lb. on December 18. The CME Group Inc. took these emergency measures as the panel felt it was necessary for promoting price discovery as feeder cattle futures had been limit down for five consecutive days as a result of various market factors.



Source: CME



Source: CME

Live cattle futures prices were also lower the first three days of the week before rebounding, but also ended the week lower, week-over-week. The December contract declined US$1.300 per cwt over the week to settle Friday at US$160.750 per cwt, while the February 2015 contract declined US$2.075 per cwt to settle Friday at US$160.100 per cwt. Lower beef cutout values were a contributing factor pushing live cattle futures prices lower.

Iowa cash corn prices edged higher increasing 3 cents per bushel over the week to end Friday at US$3.78 per bushel. Daily U.S. corn futures prices also edged higher with the March contract increasing 3 cents to settle Friday at US$4.10½ per bushel, while the May 2015 corn futures contract increased over 3 cents to settle Friday at $4.19 per bushel.

Fed and Non-fed Cattle

	December 19	December 12	Change over Week
Steers (Alberta)			
Live	179.21	n/a	n/a
Rail	298.50-300.50	n/a	n/a
Cows (Alberta)			
D1,2 Live	128.13	128.13	0.00
D3 Live	113.88	114.25	-0.37
Rail	245-250	245-250	0.00

Source: Canfax. (n/a = not available, n/c = no change)

Prices for live weight, non-fed cattle in Alberta were relatively steady over the week with D1,2 slaughter cows unchanged to average $128.13 per cwt, while the price of D3 slaughter cows decreased $0.37 per cwt to average $113.88 per cwt.

Cash fed cattle prices in Western Canada for Alberta fed steers were reported to average $179.21 per cwt for the week. There were no reported Alberta fed steer prices the previous week. Prices were $3.07 per cwt lower than the reported price of $182.28 per cwt on December 6.

On December 19, 2014, the United States Department of Agriculture (USDA) released the monthly *Cattle on Feed Report* for December 1, 2014.

December 1, 2013 and 2014, Cattle on Feed (in U.S. feedlots with 1,000+ capacity)

	2013	2014	Per cent of previous year
On feed November 1	10,585,000	10,633,000	100.4
Placed during November	1,867,000	1,792,000	96.0
Marketed during November	1,660,000	1,475,000	88.9
Other disappearance during November	68,000	74,000	108.8
On feed December 1	10,724,000	10,876,000	101.4

Source: USDA

The USDA Cattle on Feed (COF) report indicated that the number of cattle placed on feed in November 2014 was 1.792 million head, down four per cent from 1.867 million head in November 2013, and down 31.5 per cent from 2.357 million head in October 2014. The number of fed cattle marketed in November 2014 was 1.475 million head, down 11.1 per cent from 1.660 million head in November 2013, and down 14.2 per cent from 1.685 million head marketed in October 2014. The November cattle placements were just under the average trade estimates (96.1) while the cattle marketed in November were one per cent below the average trade estimates (89.9). The cattle on feed for December 1, 2014 were estimated at 10.876 million head, 1.4 per cent above the December 2013 inventory numbers, 2.3 per cent above the November 2014 numbers; and slightly above the average trade estimates (101.1). The cattle on feed report was close to the average trade estimates with no big surprises and the biggest difference of only one per cent less cattle marketed in November; than the average trade estimates. Without any big surprises the report will likely be viewed as relatively neutral.

The live (FOB feedlot) weighted average 5-area (Texas/Oklahoma/New Mexico, Kansas, Nebraska, Colorado and Iowa/Minnesota) weekly fed steer price in the U.S. was reported at US$158.51 per cwt, down US$3.87 per cwt from US$162.38 per cwt the previous week, but up 21.5 per cent from a year ago. The dressed (delivered basis) price for U.S. steers delivered to plants in the 5-area was reported at US$250.17 per cwt, down US$5.95 per cwt from US$256.12 per cwt the previous week, but up 20.5 per cent from US$207.68 per cwt a year ago.

U.S. beef production for the week ending December 20, totaled 455.8 million lb., down 3.2 per cent from 470.7 million lb. from the previous week, and down 7.9 per cent from 495.0 million lb. the same week a year ago. Cattle slaughter numbers were 552,000 head, down 3.0 per cent from 569,000 head the previous week, and down 10.2 per cent from 615,000 head a year ago.

Average beef cutout values (Choice 600-900 lb.) for the week ending December 20 averaged US$242.27 per cwt, down US$6.78 per cwt from US$249.05 per cwt from the previous week, but up 22.2 per cent from US$198.22 per cwt a year ago.

Friday Price Information

Product		This Week (December 19)	Week of: (December 12)
Canadian Dollar (closing rate US$)		.8615	.8642
U.S. Cash Cattle			
Thurs. Feeder Cattle (FC) Index (US$ per cwt)		230.63	236.90
Seven-day Weighted Average FC Index Wt. (lb.)		738	743
Live Fed 5-area Steer Price (US$ per cwt)		158.51	162.38
Feed Grains			
Barley	Lethbridge ($/tonne)	200.00	195.00
	($ per bu.)	4.35	4.25
Corn	Iowa State Average (CDN$/tonne)*	172.73	170.83
	(US$ per bu.) (current Wed. price)	3.78	3.75
	Omaha, NE (CDN$/tonne)*	177.76	172.20
	(US$ per bu.)	3.89	3.78
Futures			
	March Corn (US$ per bu.)	4.10½	4.07½
	May Corn (US$ per bu.)	4.19	4.15¾
	December Live Cattle (US$ per cwt)	160.750	162.050
	February Live Cattle (US$ per cwt)	160.100	162.175
	January Feeder Cattle (US$ per cwt)	220.150	225.600
	March Feeder Cattle (US$ per cwt)	217.975	221.250

Sources: Bank of Canada, Iowa Department of Agriculture and Land Stewardship, Chicago Mercantile Exchange (CME), ICE Futures Canada and USDA Livestock & Grain Market News
* conversion to CDN$ is based on Friday's CDN$ closing rate

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